

MINUTES

Wasatch Mt. Railway Co.

April 13, 1972

Minutes of the meeting of the Board of Directors held April 13, 1972 at the home of Lowe Ashton. President Ashton acted as chairman of the meeting. Those board members present were: Gordon Mendenhall, Dr. R. Raymond Green, W. E. Sweeney, Jim Ritchie, Wesley R. Budd, J. R. Edwards, Del Wallengren and Dr. J. D. Boggess. Others present were James G. Berry, Ed McLaughlin, Dennis Spendlove and Mr. Al Covey of Prince-Covey & Co.

Management feels that it would be advantageous for the Company to change its name to "Heber Creeper, Inc.". This would give exclusive copywrite control to the Company. The name "HEBER CREEPER" is catchy and much more easily recalled than Wasatch Mt. Railway, the public can associate it with a recreation type entity rather than a railroad business. The name of Wasatch Mountain Railway would be retained for certain business purposes.

W. E. Sweeney made the motion that the name of the corporation be changed from Wasatch Mountain Railway and Development Company, Inc. to Heber Creeper, Inc. Dr. Green seconded the motion. APPROVED.

Mr. Al Covey was introduced to the Board. He explained the underwriters point of view in relation to the selling of stock. He felt that in order to successfully sell this issue the Company would have to agree to sell 75% of the Company for not over \$300,000.00. This was based on the projected earnings of the Company in relation to the earnings the stock would net the prospective buyer. He also felt that postponement of the issue was not realistic because after the election the market will probably be lower. In the discussion that followed, Mr. Covey felt that it would be satisfactory for the management loan guarantors who will be guaranteeing the S.B.A.-Bank loan to have some type of option based on performance. The S.B.A.-Bank loan itself would help to enhance the sale of stock, as it would act as S.B.A.'s seal of approval. Also there was a discussion concerning the terms of the issue, as limiting new stockholders to a maximum of \$5,000.00, some thought to the area of distribution, and what a good house will do in terms of protecting and supporting the market.

The S.B.A.-Bank loan doesn't allow for southern terminal facilities, a wye or other similar improvements which will make the Company look better in the public eye. They are mostly unnoticeable items. The budget for this is as follows:

Track	\$60,000.00
Start up costs & attorney's fees	\$10,000.00
Purchase high capacity cars for 300	\$11,000.00
Purchase two diners	\$13,000.00
Moving & restoration of cars	\$ 8,000.00
Restoration and conversion of engines	\$ 8,000.00
Engine house and utility extensions	\$40,000.00
Dock & misc. terminal work	\$10,000.00
Contingency factor	\$ 5,000.00
	<hr/>
	\$165,000.00

Our cabo se has been pro ised to Mt. Lands for use as a tourist in or mation

center, with the thought that Jim Berry could obtain another caboose for our use. However, at the present time, Mr. Berry is unable to find a replacement. The caboose that we are now using is actually owned by Brigham Young University so permission would have to come from them if the Company is to go ahead on this project. Jim Berry said that caboose shells for info centers are more easily acquired than working cabooses.

Wesley R. Budd made the motion that this matter be tabled until such time as authority from B.Y.U. to move the caboose can be obtained or until we can find another caboose. Dr. Green seconded. APPROVED.

The minutes of the last meeting which was held on March 16, were approved. The motion was made by Wesley R. Budd and seconded by W. E. Sweeney. APPROVED.

The following Directors agreed to guarantee a portion of the S.B.A.-Bank loan to \$20,000.00 each maximum: W. E. Sweeney, J. D. Boggess, Delbert E. Wallengren, James R. Ritchie, Wesley R. Budd, R. Raymond Green, and Gordon Mendenhall. Lowe Ashton had previously agreed with Zions Bank to guarantee 100% or \$165,000.00.

The Board agreed (although there was no formal action) that the Directors who guaranteed the loan were to participate in some manner directly related to the ratio of the guarantee on stock options at issue price of the public offering for 10% of the outstanding shares. Said option to be tied to profits (ie, when Company is earning approximately 20% then the directors have the right to exercise their options.). (Also, a check with the bank indicated the guarantee was to be personal, and 100% from the President, a minimum of \$100,000.00 additional from directors in any manner.)

After Al Covey left, the Directors had a long discussion on his suggestions as well as their feelings to the over all presentation. They were torn between the two ideas of what Mr. Covey had suggested and what they had hoped for or at least expected. Selling the stock on a 1 for 1 basis appeared to make the original high risk stock worth no more than the stock purchased in the future. However, the Directors acknowledged Mr. Covey as an authority in his field.

It was mentioned and discussed that one way to save money on the proposed budget was to cut down on track expense which was allotted \$60,000.00 by not going all of the way to Bridal Veil Falls and stopping at Vivian Park. After a lengthy discussion and comments from Jim Berry the thought dismissed.

It was decided that the budget for spending the \$165,000.00 may have to be changed to accomodate other items if the board decides not to go public at this time. The fiscal year ends on December 31, and from January to May 1973 there are interest and payments to be made as well as wages without income.

After more discussion, it was decided that the Company should wait and not go public at this time under the conditions Mr. Covey proposes. We should wait until later in the summer, when we can show a profit and then use the public offering money for diversification of the master plan. However, \$4000.00 has already been spent towards the public offering which would have to be redone.

After many hours of discussion the Board came to the following conclusions:

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That to sell a major portion of the Company for the amount of money Mr. Covey proposes would give the new stockholders a much better deal than the original stockholders and was basically unfair.

That there was really no way the successful underwriting at this time could affect the 1972 season, and therefore we should attempt to prove ourselves that we can do as well, or even better than we project with the funds we have generated from the loan.

(Comment from Lowe: The only thing I disagree with this statement is that with the public money there is a possibility we could get the diners going this year. Without it, I doubt it very much.)

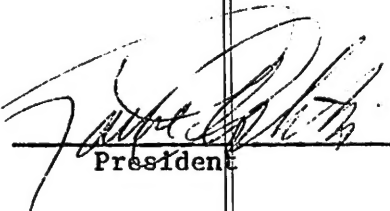
Del Wallengren made the motion that the existing stockholders double the outstanding shares of stock to a total of approximately 250,000 shares (assuming there are now around 125,000 shares including Lowe's land option) and then sell to the public \$300,000 shares for \$1.00. In essence, this means that the existing stockholder would own approximately 45% of the Company and the new stockholders 55%. Jack Bogges: seconded the motion. APPROVED.

If the Company is unable to get an underwriter to take the stock offer on this basis as a minimum, the Company would run this season to prove the potential and consider going public in the late summer or early fall, preferably just prior to the election (probably make the decision at the end of August, and sell in September or early October if possible.)

Del has sold one of the diners and expressed a willingness to sell the other to the Company. Jim Ritchie made the motion that Del Wallengren receive a stock or cash option for 6 months for the diner, which would amount to cost, approximately \$5,500.00. Dr. Bogges seconded. APPROVED.

The hour being late, the meeting adjourned at 11:15 p.m.


Secretary


President